

What is the status of the BPW long term debt? Since 2005, the BPW has borrowed \$31,446,000.00 to pay for electric, water and wastewater system facilities. The BPW pays \$1,355,708.00 in annual debt payments that result in a monthly payment set-aside of \$112,975.67 on a debt balance of \$21,122,240 as of March 31, 2011.

Issue: Long Term Debt. The BPW has borrowed monies to issue the City of Lewes as general obligation bonds to the public and the State of Delaware Revolving Funds to pay for capital projects of the electric, water, stormwater and sewer departments.

DESCRIPTION: In order to meet its mission of providing its current and future customers with utility and other value added services in a safe, reliable and economical manner consistent with sustainable growth, community involvement and environmental stewardship, the BPW has incurred debt to support needed capital projects. The BPW did not have borrowing authority at the time this debt was incurred. The BPW borrowed monies through the City of Lewes.

BACKGROUND: During the fiscal year ending September 30, 2005, the City of Lewes issued \$1,300,000 of general obligation bonds owed to the Delaware Wastewater Pollution Control Revolving Fund. These funds were used by the BPW for the upgrade of the wastewater plant and certain other water capital projects. The loan is to be amortized over twenty years with principal and interest payments of \$30,833 every February 1 and August 1 starting in February 2008. The interest rate is 2.5%.

During the fiscal year ending September 30, 2005, the City of Lewes issued \$716,000 of general obligation bonds owed to the Delaware Safe Drinking Water Revolving Fund. The funds were used by the BPW for certain water capital projects. The loan is to be amortized over 20 years with the principal and interest payments of \$9,272 every February and August 15 starting February 15, 2008. The interest rate is 2.46%.

During the fiscal year ending September 30, 2006, the City of Lewes issued \$2,225,000 of general obligation bonds owed to the Delaware Wastewater Pollution Control Revolving Fund. These funds were used by the BPW for sewer system renovation projects. The loan is to be amortized over 5 years with principal and interest payments of \$35,726 every January and July 1 starting January 1, 2007. The interest rate is 3.834%

During the fiscal year ending September 2007, the City of Lewes issued \$19,500,000 of general obligation bonds. These bonds have a final due date of January 15, 2030. The funds are being shared by the City of Lewes and the BPW for capital projects. BPW was initially responsible for the required principal and interest payments on \$14,605,000. In 2008 and 2010, the Board transferred cash to the City and the City assumed \$2,173,235 and \$1,580,000 respectively of this bond. During the year ending March 31, 2012, the Board will transfer \$2,250,000 to the City. The funds are to be used by the Board for capital projects of the electric, water, and sewer departments. The Board pays their required principal and interest payments of various amounts every January 15 directly to the bonds paying agent. The interest rate of these bonds is 3% to 5%.

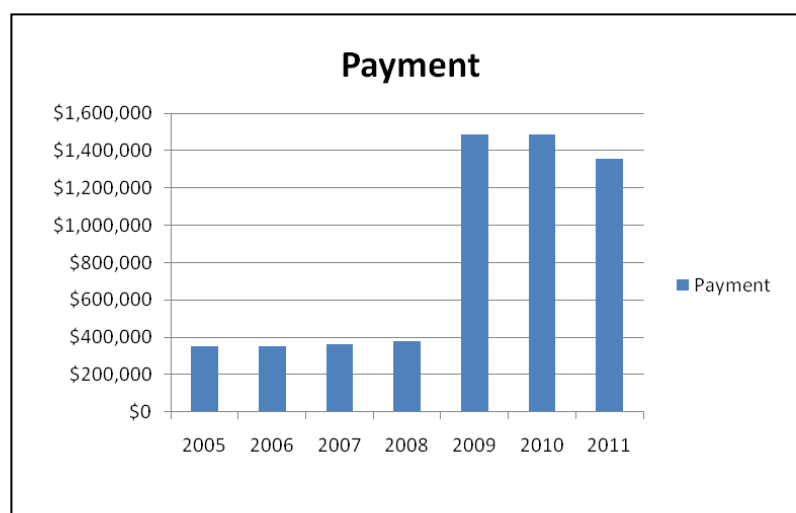
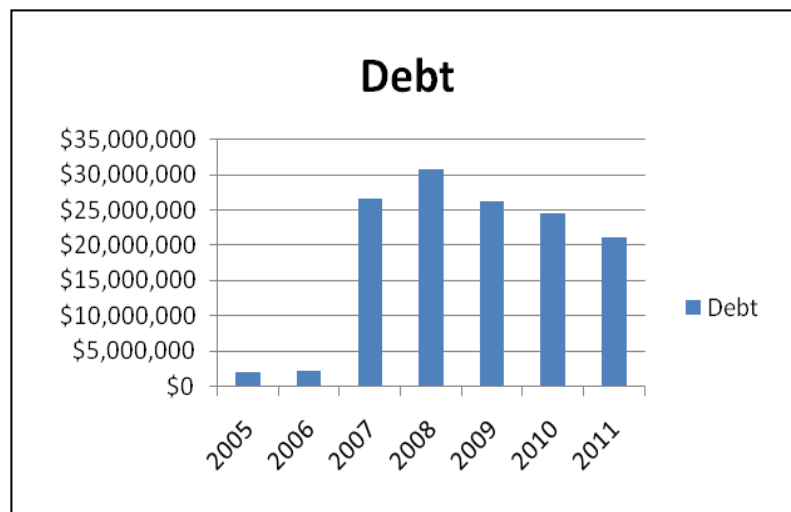
During the fiscal year ending September 30, 2007, the City of Lewes issued \$12,600,000 of general obligation bonds owed to the Delaware Water pollution Control Revolving Fund. The funds were used by the BPW for the wastewater treatment plant and other sewer capital projects. The loan is amortized over twenty years with the principal and interest payments of \$425,655 every February and August 1 starting August 1, 2009. The interest rate is at 2.5%. There was an additional draw down in 2009 of \$675,860.

Since 2005, a total of \$31,446,000 of debt was assumed by the BPW via the City of Lewes. As of March 31, 2011 the debt assumed by the BPW was \$21,122,240. The original debt of \$31,446,000 has been reduced as a result of principal payments as well as transfer of some bond proceeds to the City of Lewes for City projects.

STATUS: The BPW Principal Balance owed on all debt as of March 31, 2011 is \$21,122,240. The yearly payments on this debt (principal and interest) are \$1,355,708. Funds are set aside monthly to meet the payment schedules on debt. As a result of debt restructuring and BPW efficiencies, the BPW Board approved holding all utility rates at the FY10 levels for the FY11 year.

BUDGET DATA

	Monthly Debt Allocation	Annual Debt Allocation
BPW Debt	\$112,975.67	\$1,355,708



QUESTIONS: If you have further questions about the BPW debt profile, please contact the BPW General Manager, Darrin Gordon: 302-645-6228 or go to: www.ci.lewes.de.us/BPW-Utilities